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August 27, 2024

The Honorable Mark Warner
United States Senator
703 Hart Senate Office Building
Washington, DC 20510

The Honorable Tim Kaine
United States Senator
231 Russell Senate Office Building
Washington, D.C. 20510

Dear Senators Warner and Kaine:

I am writing on behalf of the National Association of Professional Employer Organizations (NAPEO) to express our gratitude for your recent joint letter to the Internal Revenue Service (IRS) regarding outstanding Employee Retention Credit (ERC) claims.

NAPEO represents hundreds of professional employer organizations (PEOs) that provide payroll, benefits, HR and other services to more than 200,000 small and mid-size businesses employing 4.5 million Americans. This includes nearly 2,000 businesses employing an estimated 20,000 people in Virginia.

PEOs play a critical role in helping small businesses access payroll tax credits, including the ERC, which enabled many small businesses to survive the pandemic. Unfortunately, many are still waiting upwards of four years for their claims to be processed as the backlog continues to swell.

We appreciate you both for calling attention to this dire situation on behalf of America's small businesses. NAPEO has heard countless stories from business owners that the ERC delays have led to layoffs, high-interest loans, bankruptcy and even business closures. For three years, NAPEO has tirelessly advocated on behalf of American small businesses that are being punished by the IRS' inability to promptly process claims.

As I recently [wrote in The Hill](#), the IRS estimates that 10-20 percent of its outstanding ERC claims show a "low risk" of fraud. The agency can greatly decrease the logjam and ease this financial strain by processing the consolidated returns of PEOs, which have already been subject to additional layers of scrutiny to ensure accuracy and eligibility. While those committing tax fraud should be prosecuted to the full extent of the law, legitimate claimants cannot continue to be held hostage to fraudulent ERC claims. The IRS must expedite its processing of claims by law-abiding, tax-paying Americans.

If you or your staff have any questions or need more information, please reach out to me or my colleagues Thom Stohler (tstohler@napeo.org) and Alex Milliken (amilliken@napeo.org).

Thank you for your continued support for America's small businesses. _____

Sincerely,

A handwritten signature in blue ink, appearing to read "Casey M. Clark", is written over a horizontal line.

Casey M. Clark
President and CEO